TCG

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Regulatory Affairs

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March 18, 1998

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OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, D.C. 20554

Re: Written Ex Parte Presentation
CC Docket No. 97-208

Dear Ms. Salas:

Teleport Communications Group Inc. ("TCG") hereby submits notice of a written ex parte presentation to be included in the record of the above-referenced proceeding.

Two copies of TCG's written presentation are submitted with this letter pursuant to Section 1.1206(b)(1) of the Commission's Rules, 47 C.F.R. § 1.1206(b)(1).

Sincerely,

Paul Kouroupas /by

Paul Kouroupas

Enclosures

cc: Anu Seam

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EXISTING DISPUTES BETWEEN TCG AND ILECS CONCERNING RECIPROCAL COMPENSATION

Section 271(c)(2)(B)(xiii) of the Telecommunications Act of 1996 requires the Regional Bell Operating Companies ("RBOCs") to administer, in conjunction with their Section 251 interconnection obligations, "reciprocal compensation arrangements in accordance with the requirements of Section 252(d)(2)." It has been TCG's experience to date that the RBOCs have failed to satisfy checklist item xiii for various reasons which are explained below.[1] Additional information and detail can be provided upon request, but TCG reserves the right to subject any additional information to confidential treatment pursuant to existing Commission rules.

RATES/TARIFFS

Rates which CLECs pay to RBOCs for transport and termination vary depending on whether the CLEC terminates to an RBOC end-office or tandem. TCG switches perform the functions of both an end-office and a tandem.[2] Due to limitations of the Local Exchange Routing Guide ("LERG") in addressing the needs of CLEC's multi-use switches, TCG utilizes a Common Language Location Identifier ("CLLI") code in LERG that characterize it as an end-office sub-tending an RBOC access tandem. This LERG listing is what facilitates the necessary meet point arrangements with interexchange carriers ("IXCs") that do not elect to directly connect with each CLEC. Consequently, the RBOCs then take the position that the TCG switch is only an end office, and occasionally use the LERG as their "evidence." TCG's position is that since the TCG switch serves a geographic area equivalent to the RBOC tandem and performs the essential functions normally associated with a tandem, it should be treated as a tandem for purposes of pricing interconnection services. In addition, most State Public Utility Commissions have determined that CLEC switches are entitled to receive the tandem rate for transport and termination. Nonetheless, the RBOCs dispute the tandem nature of TCG rates for transport and termination and deduct payments until TCG can get a third party (State commission or court) to rule specifically on the issue. This process can hold up the receipt of payment for months, and sometimes years. **States and RBOCs where this issue persists include:**

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[1] TCG cites its experiences with a number of RBOCs. Although SBC is not specifically mentioned in this filing, this absence should not be construed as an absence of problems with SBC. TCG is not yet at the billing stage with SBC due in large measure to other interconnection implementation problems caused by SBC.

[2] The FCC recognizes the dual functionality of CLEC switches and in its August 8, 1996 Interconnection Order, the FCC determined that CLECs were entitled to receive the tandem rate for transport and termination.

Michigan (Ameritech) - The issue has remained in dispute since July 1996.

Illinois (Ameritech) - The ICC determined that TCG was entitled to tandem rates in January 1997. Ameritech has taken the position that the ruling was not retroactive, and continues to withhold payments for calendar year 1996.

Indiana (Ameritech) - The issue has only recently been raised.

California (Pacific Bell) - The issue has only recently been raised in the dispute resolution process contained in TCG's interconnection agreement.

ENTRANCE FACILITY AND COLLOCATION

TCG, in almost all cases, provides the facilities that interconnect the two networks of TCG and the RBOC. Since TCG establishes collocation arrangements at the RBOC central offices, the RBOC simply meets TCG at this point and TCG provides the "Entrance Facility" from the collocation arrangement to TCG's switch. This is a unique network arrangement in light of the historical arrangements between RBOCs and independent telephone companies, which were characterized by clear geographic regions and points of demarcation (see also Meet Point Billing arrangements, below). TCG believes it is entitled to be compensated for the transport facilities from the collocation arrangement back to TCG's switch as well as for the use of the collocation arrangement, but the RBOCs contend that such an arrangement is outside of, or not covered by, the Interconnection Agreement, nor does it come under the terms of tariffed services. Again, TCG must bring this issue before a third party to be resolved, and even after TCG obtains a favorable ruling, the RBOCs then delay further by disagreeing with the rate that TCG applies to these services. The RBOCs seek to initiate a negotiating process to agree on the rate even though these services are included in TCG's tariffs. There have been instances where this entire process has taken two years, during which time the RBOC has been holding the funds due TCG. **States and RBOCs where this issue persist include:**

New York (Bell Atlantic) - This issue has reemerged as a dispute in January 1997 despite prior Commission rulings in favor of TCG.

Massachusetts (Bell Atlantic) - This issue has remained in dispute since May 1995.

California (Pacific Bell) - Despite the fact that TCG's Interconnection Agreement with Pacific Bell calls for the billing of a Channel Termination, payment has been withheld by Pacific Bell since June 1997.

MEET POINT BILLING

For various reasons, TCG has not established direct interconnections with each and every IXC operating in a particular LATA. The most common reason is simply that the IXC and TCG do not exchange a sufficient quantity of traffic to justify the establishment of a direct interconnection arrangement. Just as the independent telephone companies established meet point billing arrangements with the RBOCs to overcome the same problem, TCG seeks to establish meet point billing arrangements with the RBOCs. Unfortunately, TCG encounters several difficulties in trying to establish Meet Point Billing ("MPB") arrangements with the RBOCs.

Even though the RBOCs have been administering MPB arrangements for over ten years with independent telephone companies, the RBOCs feign ignorance and require TCG to participate in multiple meetings (over the course of many weeks, if not months) in order to reach a common understanding of how to administer MPB arrangements with TCG. Prior to the conclusion of these meetings, TCG is unable to establish Billing Interconnection Points ("BIPS") and file rates in NECA Tariff 4. It then takes several months for the RBOC to add TCG to its MPB process so that it can send tandem billing records to TCG for processing the initial bill to IXCs. One consequence of the delays described above is a loss of revenue to TCG because either the RBOC claims that it cannot retrieve past billing data, or the data is so dated that the RBOC refuses to bill for usage that is more than 90 days old. **States and RBOCs where this issue persist include:**

> Illinois (Ameritech) - TCG engaged in discussions with Ameritech from mid-1996 to mid-1997, and was then only able to obtain billing records starting in January 1997.
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> Florida (Bell South) - BellSouth uses CMDS for processing MPB traffic, which usually stays within the State for processing. In the case of TCG, the records are sent to TCG's RAO Host (Southern New England Telephone Company). It took almost 6 months of investigation to locate the records forwarded by BellSouth.
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> Connecticut (SNET) - In 1996, SNET contended that TCG did not meet the MECAB guidelines for MPB and refused to discuss a MPB arrangement with TCG, despite a state-level interconnection agreement which provided for MPB. After an additional six month process of negotiating the BIP process, TCG is now discussing the media for delivery of the records. TCG still has not commenced MPB with SNET.
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> Bell Atlantic - South (Pennsylvania, New Jersey, Delaware, Maryland, Virginia, and Washington, D.C.) - Bell Atlantic has decided to change its method of doing MPB and elected to follow the process set up by the former

NYNEX company. All new Bell Atlantic MPB is pending establishment of the new processes.

California (Pacific Bell) - Most of TCG's MPB is handled through a service bureau that does an excellent job of both billing and collecting MPB revenue. In California, Pacific Bell offered to do "Single Bill" for both companies, but since mid-1996 has yet to bill for TCG originating messages.

CALL RECORDING & VALIDATION

Because most RBOCs have not configured their switches to record call detail for local calls, the RBOCs in most cases do not have the information necessary to verify billing for local traffic. This leads to various disputes concerning the verification of usage data contained in bills for transport and termination, particularly when both local and intraLATA toll calls are included in the same bill. For example, in Massachusetts Bell Atlantic established a PLU (Percent of Local Usage) of 80% for purposes of administering transport and termination bills. By establishing an 80% PLU, Bell Atlantic stated that 80% of the calls terminated to TCG were "local," subject to rates for transport and termination, and 20% were intraLATA toll, subject to traditional switched access rates. Bell Atlantic recently claimed that TCG was not billing correctly because Bell Atlantic's toll revenue reports showed less conversation minutes than was being billed by TCG as "toll traffic." Bell Atlantic refused to pay TCG's bill because it was based upon an "erroneous" PLU factor which Bell Atlantic itself provided. **Additional states and RBOCs where this issue persists include:**

Illinois, Michigan, Wisconsin (Ameritech) - Ameritech routinely disputes every bill rendered by TCG claiming that TCG is "charging for traffic that could not be verified by Ameritech" with no additional explanation provided.

California (Pacific Bell) - In addition to a PLU, California requires a PLM (Percent of Local Messages) because there is a set-up or per call charge in addition to per minute charges for intrastate access charges. Pacific Bell disputed TCG's methodology for billing Reciprocal Compensation despite numerous explanations by TCG.

TRANSIT TRAFFIC

Many RBOCs refuse to pay for "Transit Traffic" which is traffic that terminates on TCG's network but does not necessarily originate from the RBOC. That is, the RBOC is receiving traffic from third party carriers (another CLEC for example) and terminating it to TCG because that is what the NPA-NXX designation requires. TCG has spent considerable resources to perform studies and update its systems to identify the OCN (Operating Company Number) associated with the NPA-NXX of the calling party of calls terminating on the TCG switch from the RBOC. This is necessary to discern whether the call came from an RBOC customer or whether the number belongs to another carrier using the RBOC tandem to reach TCG, i.e., an independent telephone company, a cellular carrier, or another CLEC. **States and RBOCs where this issue persists include:**

Illinois, Michigan, Wisconsin (Ameritech)

Massachusetts (Bell Atlantic)

California (Pacific Bell)